

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7750

BILL NUMBER: HB 1797

NOTE PREPARED: Jan 6, 2005

BILL AMENDED:

SUBJECT: Guaranteed price option for tuition.

FIRST AUTHOR: Rep. Pond

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires Indiana University, Purdue University, Ball State University, Indiana State University, and the University of Southern Indiana, including their regional campuses and satellite locations, to offer to resident undergraduate students a guaranteed price option under which tuition cannot be increased, with certain exceptions, during four academic years, beginning with the academic year in which the student first enrolls in the institution. It allows the state educational institution to grant the guaranteed price option to nonresident undergraduate students. The bill specifies that the workpapers containing the assumptions, methodology, and computations on which a guaranteed price option is based are public records.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: The bill states that beginning with the 2006-2007 academic year, state colleges and universities have to offer beginning students a guaranteed price option under which tuition cannot be increased, with certain exceptions, during four academic years, beginning with the academic year in which the student first enrolls in the institution. The present value of the guaranteed option cannot exceed the present value of projected annual tuition costs over the period the guarantee price option applies. The university has to provide the assumptions and methodology that was used in computing the guaranteed price option.

Background Information: For the 2003-2004 academic year, returning Indiana students had a 5% or less increase in tuition. The average increase in tuition for first-time entry Indiana students was 14%. The Indiana nonfarm personal income grew by 4.4% from CY 2003 to CY 2004. It is projected to grow by 4.7% in CY

2005 and 4.9% in CY 2006.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Universities.

Local Agencies Affected:

Information Sources: *Postsecondary Education Tuition and Required Fees in Indiana:2003-04* by the Indiana Commission for Higher Education; Economic Forecast Committee, December 14, 2004, Forecast.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.